

OJCS-1294-76
24 June 1976

MEMORANDUM FOR THE RECORD

VIA : [REDACTED]
C/SPS

FROM : [REDACTED]
RAPID COTR/SPS/OJCS

STATINTL

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SUBJECT : Management Review of RAPID Project, 23 June 1976.

STATSPEC REFERENCE: Memo [REDACTED] to DDI, dtd 20 April 76.

STATSPEC 1. A briefing was conducted by the RAPID COTR for the Comptroller, D/OJCS [REDACTED] D/OL, and representatives of their and DDA, DDI staffs, to provide a summary of the present status of the RAPID Project. As directed by action item #7 of the reference memorandum, OJCS assumed COTR responsibility for the RAPID Project on 26 April 1976, and has concentrated on working up a cost to complete the contract [REDACTED]. The results of this effort comprised the major part of the briefing, an outline of which is attached hereto.

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STATINTL 2. The company's posture has improved somewhat during the intervening two months. First, the candidate originally selected to serve as the new chief executive officer was unwilling to accept an appointment for a period longer than one year, so he remains as a consultant to [REDACTED] Group V.P. of the parent corporation, [REDACTED]. Although he has another candidate for the position, [REDACTED] declined to identify him. Second, the company has chosen a software development manager, [REDACTED] who has reported for duty during the past two weeks. He was previously employed by [REDACTED] subsidiary, responsible for proprietary minicomputer software development. Third, the company's cash flow became positive for the first time since the [REDACTED] acquisition, with a \$100,000 input for May 1976. The projection for the remainder of the calendar year shows a \$900,000 total positive cash flow, and [REDACTED] fully expects the projection to be met. Fourth, the APS-4 for the [REDACTED] [REDACTED] was delivered [REDACTED] as scheduled, and has been put into production status for classified advertising copy. It is planned to go into full production for the remaining functions by mid-July as previously scheduled.

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3. With regard to RAPID, the Functional Specification is now complete and acceptable to [] OJCS. Formal acceptance is planned for 25 June 1976, and with it a progress payment to the contractor of \$100,000 will also be authorized.

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4. The RAPID COTR visited the contractor last week to finally settle the question of whether the system capacity and response time are acceptable. At a load level representing the 80th percentile the system is operating at about two thirds of the main CPU capacity, which is adequate, but allows very little expansion capability. The response times will meet the levels specified in the RFP.

5. Steps are being taken to determine the modification cost for providing the APS-4 with the capability to emulate the Pacesetter Mark II phototypesetter currently used by P&PD for production work. The use of the emulator will allow P&PD to perform work other than [] on the APS-4.

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6. The new statement of work (SOW) was prepared to accomplish several objectives:

- *Provide clearly measurable milestones
- *Require adequate testing.
- *Provide a more orderly control of system development.
- *Provide several "GO/NO-GO" decision points.
- *Provide a clear basis for future default action if required.

The SOW has been coordinated with [] procurement, and is acceptable to the contractor. A verbal estimate of \$230,000 to incorporate it into the contract was furnished [] with written confirmation scheduled for 2 July 1976.

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7. A determination of the allowability of items in the contractor's claim was jointly made by the COTR and the contracting officer. A total of \$210,000 out of the request for \$490,000 was considered allowable, and this includes only items where the cost has already been incurred. An amount of \$77,000 for maintenance was excluded at the contractor's request, since it represents an area mutually agreed to be modified, and also covers work to be performed later. The expected cost for this item is \$33,000.

8. The contractor estimated that final acceptance of the system will occur in July 1978, and will supply a firm date on 2 July 1976.

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9. The staffing situation was reviewed by the COTR, as follows. The vacancy notice for a new COTR has expired, and three candidates applied, two of whom were interviewed, and one was deemed not to have adequate experience. Neither of the two interviewed has a background and personality as well suited to the COTR function as a candidate from industry. The vacancy notice for the systems analyst position resulted in one candidate interviewed, and found acceptable, but who changed his mind before approval could be obtained to formally offer the position to him. No response has been received yet to the vacancy notice for the administrative analyst position.

10. At the conclusion of the briefing, following a general discussion, the project team was authorized to negotiate a contract amendment at a price not to exceed \$550,000. The amendment shall include full settlement of the claim, incorporation of the revised statement of work, and the modified maintenance plan. It shall also include a written guarantee from the parent corporation to assure the financial stability of the company during the term of this contract. It was agreed further that the project shall henceforth be placed on a regular monthly basis for control and internal reporting.

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SPS/VRH/njc/25 June 1976

RAPID PROJECT REVIEW
23 JUNE 1976

AGENDA

1. CONTRACTOR'S POSTURE
2. PROJECT STATUS
3. PROJECTED ACTIONS
4. NEGOTIATION AUTHORITY

CONTRACTOR'S POSTURE

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- STILL SEARCHING FOR CHIEF EXECUTIVE
- SOFTWARE MGR.
- SYSTEM OPERATING
- POSITIVE CASH FLOW

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PROJECT STATUS

- FUNCTIONAL SPECIFICATION
- SYSTEM CAPACITY
- RESPONSE TIME
- APS - 4 EMULATOR
- STATEMENT OF WORK
- CLAIM EVALUATION
- SYSTEM ACCEPTANCE
- STAFFING

PROJECTED ACTIONS

- APPROVE FUNCTIONAL SPEC. 25 JUNE 1976
- AWARD PROGRESS PAYMENT 25 JUNE 1976
- AUDIT CLAIM 30 JUNE 1976
- NEGOTIATE AMENDMENT 12-15 JULY 1976

- REQUEST AUTHORITY TO NEGOTIATE
(UP TO \$550,000)

- \$230,000 FOR SOW
- \$213,000 FOR CLAIM
- \$ 88,000 FOR MAINTENANCE

TOTAL \$531,000

- REQUEST PROJECT BE PLACED ON MONTHLY
REPORT BASIS

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